

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

SSO-00 INRE-00 NSCE-00 USIE-00 AF-10 ARA-16 EA-11

NEA-14 DRC-01 OIC-04 /220 W
----- 062685

O R 171725Z MAY 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 9234

INFO USMISSION EC BRUSSELS

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DEPT PASS STR FOR AMBASSADOR MALMGREN

E.O.11652: N/A

TAGS: ETRD, GATT, EEC, FR

SUBJECT: ARTICLE XXIV:6 AND FRENCH COGNAC

1. BRUNET, DIRECTOR OF ECONOMIC AFFAIRS MFA, IS TIED UP WITH A VISITING DELEGATION FROM SWEDEN AND HAS DELEGATED RESPONSIBILITY FOR ARTICLE XXIV:6 AND COGNAC TO NANTEUIL, HIS DEPUTY FOR EC AFFAIRS. ECONCOMMIN SPOKE WITH NANTEUIL THIS MORNING, MAY 17, TO FIND OUT WHERE FRENCH STOOD FOLLOWING YESTERDAY'S PERMREP MEETING. NANTEUIL REPEATED WHAT HE HAD SAID YESTERDAY, NAMELY, THAT IN VIEW OF THE FACT THAT, CONTRARY TO OUR EXPECTATIONS, DECISION ON ARTICLE XXIV:6 THIS WEEK SEEMED UNLIKELY, GOF DID NOT FEEL UNDER STRONG PRESSURE TO GIVE US AN IMMEDIATE RESPONSE TO OUR LATEST PROPOSAL ON COGNAC.

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2. ECONCOMMIN TOOK THIS OCCASION TO REMIND NANTEUIL OF WHAT MALMGREN HAD SAID TO DE MOREL LAST WEEK, NAMELY, THAT OUR ABILITY TO GIVE THE GOF SOME MEASURE OF SATISFACTION ON COGNAC DEPENDED ON THEIR BEING HELPFUL ON ARTICLE XXIV:6 AND THAT WE WOULD CONSIDER SUPPORT OR EXPRESSION OF SYMPATHY BY FRENCH REPRESENTATIVE FOR RESERVATIONS EXPRESSED BY OTHER DELEGATIONS AS UNHELPFUL.

3. NANTEUIL EXPRESSED HIS UNDERSTANDING OF THIS POINT BUT SAID THAT THE GOF STILL HAD TWO RESERVATIONS OF THEIR OWN CONCERNING THE COMMISSION'S PROPOSAL AND UNTIL THESE WERE CLEARED UP, THEY COULD TAKE NO POSITION ON THE COGNAC PROPOSAL. HE SAID THE TWO RESERVATIONS WERE (A) THE PROBLEM WITH THE DECLARATION ON GRAINS WHICH DE MOREL HAD DESCRIBED TO MALMGREN LAST WEEK, NAMELY, A CONCERN THAT THE DECLARATION WAS NOT SPECIFIC ENOUGH ON THE PRINCIPLES WHICH WOULD GOVERN ANY SUBSEQUENT DISCUSSION OF OUR GRAIN RIGHTS (DE MOREL SAID THAT GOF WANTED TO ENSURE ARTICLE XXIV:6 GRAIN DISCUSSIONS BE SUBJECT TO SAME CRITERIA AS GOVERNED MTN; WHILE NOT INSISTING THAT THEY TAKE PLACE IN MTN, THEY WANTED DECLARATION TO SPECIFY THAT THEY WOULD BE CONDUCTED IN ACCORDANCE WITH PRINCIPLES OF TOKYO DECLARATION), AND (B) THEIR PROPOSAL THAT THE COMMUNITY AGREE NOW THAT IT WOULD TAKE COUNTER-RETALIATORY ACTION IF ANY THIRD COUNTRY WHICH CONSIDERED THAT IT HAD RECEIVED INADEQUATE ARTICLE XXIV:6 COMPENSATION SHOULD RETALIATE AGAINST THE COMMUNITY.

4. IN REPLY TO A QUESTION FROM ECONCOMMIN, NANTEUIL SAID THAT THE GOF HAD NO PROBLEM WITH ANY OF THE SPECIFIC ITEMS ON THE COMMISSION'S LIST. HE ALSO SAID THAT THE GOF'S FAILURE TO GIVE US A REPLY TO OUR PROPOSAL ON COGNAC WAS NOT CAUSED BY ANY PROBLEM ON THE COGNAC PROPOSAL BUT RATHER WITH THE FRENCH RESERVATIONS ON THE ARTICLE XXIV:6 PROBLEM CITED ABOVE. HE DID NOT, HOWEVER, IMPLY THAT OUR COGNAC PROPOSAL WAS ACCEPTABLE, ONLY THAT THIS WAS NOT OF ITSELF THE CAUSE OF THE HOLDUP.

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5. IN SUBSEQUENT CONVERSATION WITH ECONCOMMIN, COLIN, DEPUTY TO DE MOREL, CONFIRMED THAT FRENCH HAD NOT COME BACK TO US ON COGNAC BECAUSE OF PROBLEMS WHICH HAD ARISEN IN XXIV:6 NEGOTIATIONS AS RESULT OF RESERVATIONS INTRODUCED BY DELEGATIONS OTHER THAN FRENCH. HE ADDED, HOWEVER, THAT GOF CONTINUED FIND OUR COGNAC PROPOSAL INADEQUATE IN LARGE PART BECAUSE IT

DID NOT MAKE ADEQUATE PROVISIONS FOR FUTURE PRICE
INCREASES (THE "BREATHING SPACE" PROBLEM).
IRWIN

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